

13 Investing Terms

EVERY INVESTOR SHOULD KNOW BY HEART

SHORT

WHEN YOU THINK A STOCK IS GOING TO GO DOWN, SO YOU BORROW AND SELL IT FOR ITS CURRENT VALUE, HOPING TO BUY IT BACK WHEN THE PRICE GOES DOWN AND MAKING A PROFIT ON THE MARGIN.

LONG

WHEN YOU BELIEVE A STOCK WILL APPRECIATE IN VALUE OVER TIME, SO YOU BUY IT WITHOUT PLANS TO SELL IT IN THE NEAR FUTURE.

NUT

THE TOTAL COST OF COMMISSIONS ON YOUR TRADES. IT'S THE AMOUNT OF MONEY YOUR TRADES COST YOU, REGARDLESS OF YIELD.

"OH MAN, I HAD SUCH A WEAK DAY TODAY. I BARELY COVERED MY NUT!"

FIAT MONEY

USED TO INDICATE WHEN THE MARKET IS GOING DOWN. HARD.

"UH OH, EVERYTHING'S RED! THE MARKET'S TANKING!"

ARBITRAGE

CURRENCY/SECURITIES/COMMODITIES OFTEN HAVE A DIFFERENT VALUE IN DIFFERENT MARKETS. WHEN YOU ARBITRAGE - YOU SIMULTANEOUSLY BUY AND SELL THEM TO MAKE A PROFIT ON THE DIFFERENT SELL-VALUE.

"I MADE A KILLING ON ARBITRAGING TRY/USD TO USD/EUR"

TANKING

A CURRENCY SET BY A GOVERNMENT AS LEGAL TENDER INSTEAD OF GOLD.

BUY THE DIP

BUYING A SECURITY OR STOCK WHEN IT GOES DOWN SIGNIFICANTLY, TO CAPITALIZE ON THE UPSWING THAT OFTEN FOLLOWS.

FOMO

STANDS FOR "FEAR OF MISSING OUT" - MAKING AN INVESTMENT WITHOUT ANY ANALYSIS BECAUSE EVERYONE ELSE IS INVESTING IN IT.

BLUE CHIP

A COMPANY THAT IS CONSIDERED TO BE HIGH-QUALITY.

HUNTING ELEPHANTS

A TERM POPULARIZED BY WARREN BUFFET, MEANING AN INVESTOR IN ON THE PROWL FOR A BIG DEAL.

"JOE'S REALLY HUNTING FOR ELEPHANTS SINCE HIS LAST LONG TANKED"

PULLBACK

MEANS A DECLINE IN AN ASSET'S VALUE. OFTEN ACCOMPANIED BY THE WORDS "NORMAL" OR "HEALTHY", MEANING THE STOCK WAS EXPECTED TO GO DOWN AND WILL SOON GO BACK UP.

BAGHOLDER

A PERSON THAT KEPT AN ASSET THAT LOST ALL OF ITS VALUE.

BABYSITTING

WHEN YOU'RE GOING LONG ON A LOSING STOCK, HOPING IT'LL GO BACK UP AND YOU GET AN EVEN TRADE.

"YOU'VE BEEN BABYSITTING THAT STOCK FOR 6 MONTHS NOW AND IT KEEPS TANKING..."